

Street Improvement Plan Update

December 11, 2012

The following Update to the City's Street Improvement Plan was approved by the City Council at its meeting on December 11, 2012.

The Plan was approved by the City Council on February 15, 2011. The Plan is comprehensive and is included on the City's website (www.horseshoe-bay-tx.gov). The Plan contemplated improving 50 miles of streets at a cost of \$15 million and recognized that three projects with an estimated cost of \$1.1 million were included in the City's FY 2011 General Fund budget. The three projects, the addition of the Pecan Creek subdivision and several minor changes brought the revised project to 53.5 miles with an estimated cost of \$16.8 million. The Plan estimated that it would take five to six years to complete, and that the tax cost would be \$.04 per \$100 valuation for the certificates of obligation to be sold.

The actual construction began September 2011 with the Fairways subdivision. To date the Fairways and South subdivisions and Lighthouse Drive have been completed and the area east of Ferguson Road and north of Highway 2147 is under contract and about a third complete. These areas aggregate about 39% of the Plan.

We expected to learn a lot as the project progressed, and we have. The streets are an outstanding improvement to our community. The decision to tie in the new streets to existing driveways resulted in some challenges and additional cost, but the result was worth it in functionality and appearance. Allen Keller Company has been the low bidder on all three of the City's bid awards. They have done an excellent job in constructing the streets and have been as cooperative as possible with our residents who are temporarily inconvenienced by the construction. The attitude of our contractor and residents has been outstanding.

The only disappointment has been the cost. The original estimates the City received were somewhat low, the cost of some material mostly asphalt and concrete has simply increased, the base material under the streets was very poor in many areas, and the cost of connecting existing driveways to the new streets is often extensive. The present estimate is that the total project will cost between \$22 and \$24 million. The City Council met with its financial advisor on December 11, 2012 and discussed several financing alternatives. It is likely the final tax cost will be between \$.05 and .06 per \$100 valuation, and that the cost will not reach this amount until 2016.

At the December 11, 2012 meeting the City Council approved putting the Fault Line area (5.6 miles) out for bid and concluded that the Hi Circle South area (6 miles) would be the next area improved. No decision has been made regarding the sequence of improving the remaining 21 miles. The total project is estimated to be completed during 2016.